

# **Licensed Child Care in Washington State: 2002**

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*Washington State Department of Social and Health Services*  
**Economic Services Administration**  
**Division of Child Care and Early Learning**

# EXECUTIVE SUMMARY

## Background

Washington State's Department of Social and Health Services (DSHS) subsidized part of the child care costs for about 78,000 children per month in 2002. These children were from low-income families with parents who were working, going to school, homeless, or eligible based on some other DSHS program. The number of children receiving DSHS subsidies has tripled in the past decade. About seventy percent of children with DSHS-subsidized child care attend licensed family homes or child care centers.

Federal regulations require that Washington State tie their subsidy rates to a local market survey of child care rates conducted at least every two years. To comply with this regulation DSHS conducts a biennial survey of all child care centers and a sample of licensed family home providers. In addition to child care rates, the surveys provide information on the child care industry. This report describes the surveys conducted in the spring of 2002. A total of 1,519 child care centers and 1,371 family home providers were interviewed.

## Major Findings

- The price of child care has increased much faster than inflation in the past twelve years. From 1990 to 2002 the inflation-adjusted price of care increased 39 percent in centers and 36 percent in homes. That amounts to an annual rise in the price of care—*after accounting for general inflation*—of 2.8 percent in centers and 2.6 percent in homes.
- From 2000 to 2002 the average price of center care after adjusting for inflation climbed by 6 percent (from \$536 to \$570) and that for full-time care in licensed family homes went up 7 percent (from \$475 to \$506). The annual inflation-adjusted price of care rose 3.1 percent in centers and 3.2 percent in homes in the two years 2000 to 2002. Not accounting for inflation, the annual rise in the price of child care between 2000 and 2002 was 5.4 percent in centers and 5.5 percent in homes.
- The proportion of children in licensed care whose care is subsidized by DSHS has risen substantially in recent years. After remaining at about 15 percent from 1990 through 1996, the proportion of children in licensed care subsidized by DSHS rose to 19 percent in 1998, 25 percent in 2000, and 34 percent in 2002. In the six years between 1996 and 2002 the proportion of full-time children in licensed family homes that are subsidized by DSHS rose from 18 percent to 46 percent.
- The number of licensed family homes declined from 8,600 in 1996 to 7,309 in 2002 a decline of 15 percent. The decrease in family homes was greatest in King County—a loss of 576 licensed family homes in six years for a decline of 27 percent.

- Over the past ten years, the proportion of children in licensed care that attend licensed family homes has declined. While 39 percent of children in licensed care attended licensed family homes in 1992, only 29 percent of children in licensed care attended licensed family homes in 2002.
- DSHS maximum subsidy rates in the spring of the 2002 were based on the 58<sup>th</sup> percentile of the 2000 survey. But inflation in child care prices since the 2000 survey had effectively reduced the percentile of the market that DSHS bought to approximately the 36<sup>th</sup> percentile by the time of the 2002 survey.

## **General Information**

### *Findings About the Child Care Market*

- An estimated 168,160 children in Washington State were in licensed care in the spring of 2002. About seventy percent of these children were in child care centers and the remaining thirty percent were in licensed family homes.
- Licensed providers grossed about \$836 million dollars in 2002 and employed approximately 30,600 people.
- Information from the child care surveys was combined with population data from Washington's Office of Financial Management to estimate the proportion of children of various ages in licensed care at the time of the child care surveys. About one out of every four preschoolers (children between 2.5 and 5.5) and toddlers (children 12 to 29 months old), and one out of every ten infants (under 12 months old) and school-age children (over 5.5 years old) was in licensed care at the time of the surveys in the spring of 2002.

### *Findings About Child Care Centers*

- The number of children in child care centers grew 41 percent in twelve years, rising from 85,000 in 1990 to 120,020 in 2002.
- Forty percent of children in child care centers in 2002 were preschoolers; 5 percent were infants.
- The vast majority of centers provide full-time care for preschool age children (73 percent), while only about one-third of centers provide full-time care for infants (34 percent).
- Fifty-seven percent of children in centers in 2002 received full-time care (at least thirty hours per week).
- The proportion of centers with vacancies rose from 64 percent in 2000 to 71 percent in 2002; the vacancy rate, which had declined from 16 percent to 12 percent between 1996 and 1998, rose to 14 percent in 2002.
- At the time of the 2002 survey, pay for teachers at centers averaged \$9.69 per hour and that for aides averaged \$8.07 per hour. Average real wages for child care workers (wages adjusted for inflation) stalled between 1992 and 1998. Since 1998, perhaps spurred by the increases in the minimum wage, the average wage for teachers has

risen 3.2 percent per year (adjusted for inflation) and the average wage for aides has risen 3.6 percent per year.

- The 2002 child care center survey asked about staff turnover—the number of individuals that had been hired in about the last eight months. Approximately 17 percent of teachers and 37 percent of aides had been hired within the last eight months.
- In the spring of 2002 only 10 percent of centers opened before 6 in the morning and 6 percent closed at 7 or later in the evening. Three percent of centers were open on the weekends.

### *Findings About Licensed Family Homes*

- After a period of growth in the early 1990s, the number of children in licensed family homes declined from 60,100 in 1994 to 48,100 in 2002, a decline of 20 percent in eight years.
- Thirty-six percent of children in licensed family homes in 2002 were preschoolers; 7 percent were infants.
- Most licensed family homes provide full-time child care for preschoolers (75 percent), while one-quarter of family homes provide full-time care for infants (25 percent).
- Sixty percent of children in licensed family homes in 2002 received full-time care.
- Two-thirds of family homes had been in operation for four years or more.
- Fifty-three percent of family homes in the spring of 2002 had vacancies, a rise from 43 percent in 2000. The 2002 vacancy rate of 19 percent for family homes was an increase in the vacancy rate of 16 percent in 2000 and 14 percent in 1996 and 1998.
- The average yearly income of family home providers increased at an annual rate of 7.9 percent in the six years from 1995 to 2001. Taking inflation into account, the annual rate of increase was 5.2 percent with the inflation-adjusted income of family home providers rising from \$20,035 in 1995 to \$27,100 in 2001. The longer a family home provider had been in business and the more the provider depended on child care as a source of income, the higher the provider's average earnings.
- At the time of the 2002 survey, 73 percent of family homes had liability insurance, a slight increase from the prior surveys (68 percent in 2000 and 69 percent in 1998).
- Seventy-three percent of licensed family homes participated in the USDA food program in 2002, a decline from 77 percent in 1998.
- Eighteen percent of licensed family homes opened before 6 in the morning; 11 percent closed at 7 or later in the evening. Twenty-one percent of licensed family homes were open on the weekend.

*Findings About DSHS-Subsidized Child Care*

- According to DSHS payment records, child care was subsidized for 136,400 children over the course of federal fiscal year 2002. In April and May 2002 an average 78,600 children had child care subsidized by DSHS. About 70 percent of these children, or 55,800, were cared for in a licensed family home or child care center.
- According to the 2002 child care surveys, an estimated 53,420 children received subsidized child care in either a licensed family home or child care center in the spring of 2002.
- Twenty-nine percent of children in centers and 38 percent of children in family homes were subsidized by DSHS in the spring of 2002.
- At the time of the 2002 surveys, 87 percent of centers and 66 percent of licensed family homes cared for at least one DSHS-subsidized child. Two years earlier, 84 percent of centers and 58 percent of homes served DSHS-subsidized children.
- Statewide, 38 percent of children in licensed family homes in the spring of 2002 were subsidized by DSHS; however, 76 percent of children cared for by Hispanic providers and 66 percent of all children cared for by black providers were subsidized by DSHS.
- Compared to licensed homes serving no DSHS subsidized children, homes with at least one DSHS child were much more likely to open before 6 a.m. (25 versus 8 percent) and close after 6 p.m. (26 versus 9 percent). Centers with high proportions of subsidized children were more likely to open before 6 a.m. (13 versus 7 percent) and somewhat more likely to close after 6 p.m. (31 versus 17-20 percent) than centers that served few children with subsidized child care.

*Special Topics*

- The percent of providers with access to the Internet was 55 percent for centers and 73 percent for home providers in 2002. The difference in Internet access between family home providers in the eastern and western parts of the state was explained by the low rate of Internet access among Hispanic family home providers and the large number of Hispanic providers in the eastern part of the state.
- Most providers reported that they had found at least one service provided by Resource and Referral Agencies (R&R) helpful to them in the prior year. Specifically 59 percent of center providers and 64 percent of family home providers found R&R referral services helpful and 69 percent of centers and 72 percent of homes found STARS training by R&R helpful.
- Family home providers worked an average of 56 hours per week at the time of the 2002 surveys, with those serving DSHS-subsidized children working more hours on average than those not serving DSHS-subsidized children (61 versus 47 hours).
- With one exception, at least 85 percent of center and family home providers in all regions reported that their licenser generally returned their phone calls within three business days. Only 81 percent of family home providers in Region 1 stated that their licensors returned their phone calls within three business days.